

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

MAR 13 2002

Director of Utilities

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

M

W-02472A
MESCAL LAKES WATER SYSTEMS INC.
P. O. BOX 85160
TUCSON AZ 85754-

ANNUAL REPORT

FOR YEAR ENDING

12	31	2001
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FOR COMMISSION USE

ANN04	01
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Processed by:

3-15-02 *Am*

SCANNED

COMPANY INFORMATION

Company Name (Business Name) Mescal Lakes Water Systems, Inc.

Mailing Address 1121 W. Grant Rd., #413
(Street)

Tucson

(City)

AZ

(State)

85705

(Zip)

520-624-4404

Telephone No. (Include Area Code)

520-792-0377

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address same
(Street)

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Southwestern Utility Management, Inc.
(Name)

(Title)

1121 W. Grant Rd., #413

(Street)

Tucson

(City)

AZ

(State)

85705

(Zip)

520-624-4404

Telephone No. (Include Area Code)

520-792-0377

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: Ezra H. Lewis
(Name)

1121 W. Grant Rd., #413

(Street)

Tucson

(City)

AZ

(State)

85705

(Zip)

520-624-4404

Telephone No. (Include Area Code)

520-792-0377

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Email Address _____

Statutory Agent: Ezra H. Lewis
 (Name)
1143 W. Grant Rd., #413 Tucson AZ 85705
 (Street) (City) (State) (Zip)
520-624-4404 520-792-0377
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: _____
 (Name)

 (Street) (City) (State) (Zip)

 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input checked="" type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

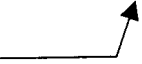
Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input checked="" type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	104	----	104
302	Franchises	250	----	250
303	Land and Land Rights	9063	----	9063
304	Structures and Improvements	7303	3337	3966
307	Wells and Springs	30319	12112	18207
311	Pumping Equipment	49025	24777	24248
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	64054	34172	29882
331	Transmission and Distribution Mains	426067	295583	130484
333	Services	69060	24340	44720
334	Meters and Meter Installations	38678	19603	19075
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	693923	413924	279999

This amount goes on the Balance Sheet Acct. No. 108



See Accountants' Report.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	104	---	---
302	Franchises	250	---	---
303	Land and Land Rights	9063	---	---
304	Structures and Improvements	7303	5%	365
307	Wells and Springs	30319	5%	1516
311	Pumping Equipment	49025	5%	2451
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	64054	5%	3203
331	Transmission and Distribution Mains	426067	5%	21303
333	Services	69060	5%	3454
334	Meters and Meter Installations	38678	5%	1934
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	693923		34226

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.

See Accountants' Report.

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 7381	\$ 10354
134	Working Funds		
135	Temporary Cash Investments	67397	79234
141	Customer Accounts Receivable	14777	21547
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	1101	1101
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 90656	\$ 112236
	FIXED ASSETS		
101	Utility Plant in Service	\$ 688576	\$ 693923
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(379698)	(413924)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 308878	\$ 279999
	TOTAL ASSETS	\$ 399534	\$ 392235

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ ----	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	43548	41859
236	Accrued Taxes	638	807
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 44186	\$ 42666
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	145840	144545
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	141573	141573
272	Less: Amortization of Contributions	(141573)	(141573)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 145840	\$ 144545
	TOTAL LIABILITIES	\$ 190026	\$ 187211
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 100	\$ 100
211	Paid in Capital in Excess of Par Value	159638	159638
215	Retained Earnings	49770	45286
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 209508	\$ 205024
	TOTAL LIABILITIES AND CAPITAL	\$ 399534	\$ 392235

Beginning Retained Earnings	49770
Dividends Paid	(49770)
Net Income	45286
Ending Retained Earnings	<u>45286</u>

COMPANY NAME

Mescal Lakes Water Systems, Inc.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 152595	\$ 155983
460	Unmetered Water Revenue		
474	Other Water Revenues	3130	2985
	TOTAL REVENUES	\$ 155725	\$ 158968
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	11779	12061
618	Chemicals	69	21
620	Repairs and Maintenance	3144	3135
621	Office Supplies and Expense	1574	1595
630	Outside Services	55709	49553
635	Water Testing	2800	2110
641	Rents		
650	Transportation Expenses	3516	3901
657	Insurance – General Liability	2789	(1093)
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	238	448
403	Depreciation Expense	27023	34226
408	Taxes Other Than Income		
408.11	Property Taxes	7661	9221
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 116302	\$ 115178
	OTHER INCOME/EXPENSE		
419	Interest and Dividend Income	\$ 2279	\$ 1607
421	Non-Utility Income	341	263
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(438)	(374)
	TOTAL OTHER INCOME/EXP	\$ 2182	\$ 1496
	NET INCOME/(LOSS)	\$ 41605	\$ 45286

See Accountants' Report.

COMPANY NAME

Mescal Lakes Water Systems, Inc.

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 35914

Meter Deposits Refunded During the Test Year

\$ 5299

See Accountants' Report.

COMPANY NAME Mescal Lakes Water Systems, Inc.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number	Pump Horsepower	Pump Yield (Gpm)	Casing Size (inches)	Meter Size (inches)
55-800432	15	80	8"	2"
not in service	5	10	6"	N/A
55-561268	15	140	8"	2"

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
none		

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.) = _____

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	4		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20000	1	3000	1
50000	1	5000	1

See Accountants' Report.

STATISTICAL INFORMATION

Total number of customers	420	
Total number of gallons sold	22,904,000	gallons

See Accountants' Report.

COMPANY NAME Mescal Lakes Water Systems, Inc.

YEAR ENDING 12/31/2001

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>60850</u>
Estimated or Actual Federal Tax Liability	<u>S Corporation</u>
State Taxable Income Reported	<u>60850</u>
Estimated or Actual State Tax Liability	<u>S Corporation</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>286118</u>
Amount of Gross-Up Tax Collected	<u></u>
Total Grossed-Up Contributions/Advances	<u></u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

Ezra H. Lewis
SIGNATURE

3/11/02
DATE

Ezra H. Lewis
PRINTED NAME

President
TITLE

COMPANY NAME Mescal Lakes Water Systems, Inc. YEAR ENDING 12/31/2001

**WATER AND SEWER
UTILITIES ONLY**

PROPERTY TAXES

Indicate the amount of actual property taxes paid during this reporting period (Calendar Year 2001)

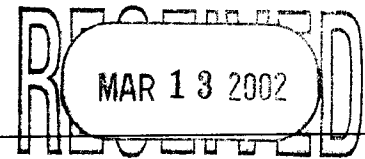
\$ 9221.23

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain reasons below:

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

ARIZONA CORPORATION
COMMISSION



VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Cochise	Director of Utilities
NAME (OWNER OR OFFICIAL) TITLE Ezra H. Lewis	
COMPANY NAME Mescal Lakes Water Systems, Inc.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2001 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 168398

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 9430

IN SALES TAXES BILLED, OR COLLECTED

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

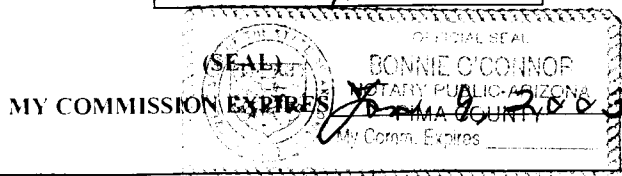
SIGNATURE OF OWNER OR OFFICIAL
520-623-5172
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 11th DAY OF

COUNTY NAME	PIMA
MONTH	March
	2002

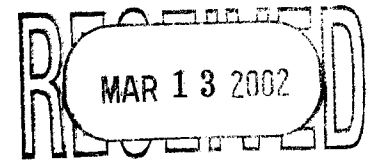


SIGNATURE OF NOTARY PUBLIC

See Accountants' Report.

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION
COMMISSION



VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME)	
NAME (OWNER OR OFFICIAL) Ezra H. Lewis	TITLE President
COMPANY NAME Mescal Lakes Water Systems, Inc.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2001

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2001 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 165502

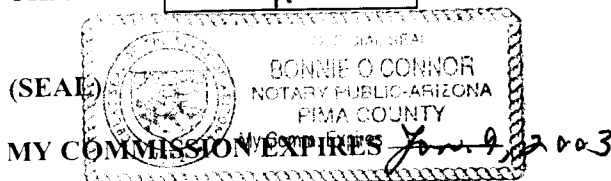
(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 9268
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X Ezra H. Lewis
SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME
A NOTARY PUBLIC IN AND FOR THE COUNTY OF
THIS 11th DAY OF

NOTARY PUBLIC NAME Bonnie O'Connor	
COUNTY NAME PIMA	
MONTH March	20 02



X Bonnie O'Connor
SIGNATURE OF NOTARY PUBLIC

PLEASE RETURN THIS PORTION WITH PAYMENT TO:

MARSHA BONHAM
COCHISE COUNTY TREAS
P O BOX 1778
BISBEE AZ 85603

TAX ROLL NUMBER	53763
PARCEL IDENTIFICATION	124-15-626 8
TAX AREA CODE	0900

MESCAL LAKES WATER SYSTEM RECEIPT REQUESTED (X)
PO BOX 85160
TUCSON AZ 85754

PLEASE RETURN THIS PORTION WITH PAYMENT TO:

MARSHA BONHAM
COCHISE COUNTY TREAS
P O BOX 1778
BISBEE AZ 85603

TAX ROLL NUMBER	107962
PARCEL IDENTIFICATION	938-60-900 6
TAX AREA CODE	0900

MESCAL LAKES WATER SYSTEM RECEIPT REQUESTED (X)
1121 W GRANT RD STE 413
TUCSON AZ 85705

*IF TOTAL TAX DUE IS \$50.00 OR LESS FULL AMOUNT IS DUE NOW.
SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE.
ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

2000 2ND HALF COUPON

TO PAY 2ND HALF	PAY	*****
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NOTE: 2nd HALF TAXES DELINQUENT AFTER MAY 1, 2001



021241562600820000000000000000

*IF TOTAL TAX DUE IS \$50.00 OR LESS FULL AMOUNT IS DUE NOW.
SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF NOTICE.
ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

2000 2ND HALF COUPON

TO PAY 2ND HALF	PAY	4,132.44
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NOTE: 2nd HALF TAXES DELINQUENT AFTER MAY 1, 2001



02938609000062000000000413244

1037

MESCAL LAKES WATER SYSTEMS, INC.
P. O. BOX 85160 623-5192
TUCSON, AZ 85754

WELLS FARGO BANK
TUCSON, AZ 85745
91-527/1221

4/17/2001

PAY TO THE ORDER OF Marsha Bonham - Cochise Co. Treasurer

\$ **4,132.44

Four Thousand One Hundred Thirty-Two and 44/100 ***** DOLLARS

Marsha Bonham - Cochise Co. Treasurer

VOID AFTER 90 DAYS

MEMO

AUTHORIZED SIGNATURE

⑈001037⑈ ⑆122105278⑆0719891848⑈

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

2001 TAX NOTICE

JAN 1, 2001
TO
DEC 31, 2001

COUNTY OF COCHISE

ADDRESS: P O BOX 1778
BISBEE AZ 85603

LEGAL DESCRIPTION SECTION TWN RNG ACRES
 TOTAL VALUE OF OPERATING PROPERTY 1.50 USE 5500
 124-15-188 4.500 124-15-531-A 4.500
 124-15-733-A 4.500

TAX ROLL NUMBER
109728
 PARCEL IDENTIFICATION
938-60-900 6
 TAX AREA CODE
0900

IMPORTANT - SEE REVERSE SIDE
 FOR COMPLETE EXPLANATION OF
 YOUR 2001 TAX NOTICE AND
 PAYMENT INSTRUCTIONS

85705 938-60-900 6 109728

 MESCAL LAKES WATER SYSTEM
 EZRA H LEWIS/OWNER
 1121 W GRANT RD STE 413
 TUCSON AZ 85705

2001 TAX SUMMARY (3)

PRIMARY AD VALOREM TAX	763648
LESS STATE AD TO EDUCATION	00
NET PRIMARY AD VALOREM TAX	763648
SECONDARY AD VALOREM TAX	236838
SCHOOL DISTRICT TAX	00

PAY TOTAL OR HALF TAX

TOTAL TAX DUE ->	1000486
HALF TAX ->	500243

DELINQUENT DATES

1st HALF NOV. 1, 2001
 2nd HALF MAY 1, 2002

THIS IS THE ONLY NOTICE YOU WILL RECEIVE
 NO RECEIPT WILL BE SENT UNLESS REQUESTED

PRIMARY PROPERTY TAX CALCULATION (1)					
ITEMS	UNITED VALUE	PERCENT	ASSESSED VALUE	EXEMPTION	TAX RATE
LAND & BLDG ETC.	13500	250	3375	0	1.230
PERSONAL PROPERTY	258500	250	64625	0	1.230
TOTALS	272000		68000	0	
SECONDARY PROPERTY TAX CALCULATION (2)					
ITEMS	UNITED VALUE	PERCENT	ASSESSED VALUE	EXEMPTION	TAX RATE
LAND & BLDG ETC.	13500	250	3375	0	37.297
PERSONAL PROPERTY	258500	250	64625	0	37.297
TOTALS	272000		68000	0	

TAX CODE		TAX DESCRIPTION		2001 PRIMARY	2001 SECONDARY	2001 TOTAL	2000 TOTAL	DIFFERENCE
02000	COCHISE COUNTY			199737	00	199737	155162	44575
02001	COUNTY SCHOOL TAX EQ			33823	00	33823	27062	6761
07009	BENSON SD #9			411985	154014	565999	474775	91224
08150	COCHISE COUNTY JUNIOR COLLEGE			118103	00	118103	91747	26356
10252	SAN PEDRO VALLEY HOSPITAL DIST			00	61201	61201	63390	-2189
11900	FIRE DISTRICT ASSISTANCE FUND			00	6801	6801	5283	1518
14900	COCHISE COUNTY LIBRARY DIST			00	10546	10546	8193	2353
15000	COCHISE COUNTY FCD #80-49			00	876	876	876	00
30000	COCHISE CNTY JOINT TECHNOLOGY D			00	3400	3400	00	3400
TOTALS				763648	236838	1000486	826488	173998

TEAR OFF ALONG DOTTED LINES

PLEASE RETURN THIS PORTION WITH PAYMENT TO:

MARSHA BONHAM
 COCHISE CO TREASURER
 P O BOX 1778
 BISBEE AZ 85603

MESCAL LAKES WATER SYST
 1121 W GRANT RD STE 413
 TUCSON AZ 85705

TAX ROLL NUMBER
109728
 PARCEL IDENTIFICATION
938-60-900 6
 TAX AREA CODE
0900

RECEIPT REQUESTED ()

* IF TOTAL TAX DUE IS \$25.00 OR LESS FULL AMOUNT IS DUE NOW.
 SEE PAYMENT INSTRUCTIONS ON REVERSE OF NOTICE.
 ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

2001 2ND HALF COUPON

TO PAY 2ND HALF PAY 5,002.43

NOTE: 2ND HALF TAXES DELINQUENT AFTER MAY, 1, 2002

TEAR OFF ALONG DOTTED LINES

PLEASE RETURN THIS PORTION WITH PAYMENT TO:

MARSHA BONHAM
 COCHISE CO TREASURER
 P O BOX 1778
 BISBEE AZ 85603

MESCAL LAKES WATER SYST
 1121 W GRANT RD STE 413
 TUCSON AZ 85705

TAX ROLL NUMBER
109728
 PARCEL IDENTIFICATION
938-60-900 6
 TAX AREA CODE
0900

RECEIPT REQUESTED ()

PLEASE RETURN
 BOTH COUPONS
 WHEN PAYING
 FULL YEAR TAX

* IF TOTAL TAX DUE IS \$25.00 OR LESS FULL AMOUNT IS DUE NOW.
 SEE PAYMENT INSTRUCTIONS ON REVERSE OF NOTICE.
 ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON.

2001 1ST HALF COUPON

TO PAY 1ST HALF ONLY PAY 5,002.43
TO PAY FULL YEAR TAX PAY 10,004.86

NOTE: 1ST HALF TAXES DELINQUENT AFTER NOV, 1, 2001

ee "v) * R Kieeeeeee * R Kieeeeeee

HOLM, HESTAND & VALENZUELA, CPAs, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
3131 NORTH COUNTRY CLUB ROAD, SUITE 109
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We have compiled the balance sheets of Mescal Lakes Water Systems, Inc. as of December 31, 2001 and 2000, and the related comparative statements of income and expense for the years then ended, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements and supplementary information referred to above, and accordingly, do not express an opinion or any other form of assurance on them.

These financial statements and the supplementary information are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

Holm, Hestand, Valenzuela CPAs PC

February 15, 2002